This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2341

LISTED FEBRUARY 7, 1969.
6,350,000 Common Shares without par value, of which 3,949,937 Shares are subject to issuance.
Stock Symbol "CHY".
Post Section 9.5.
Dial Quotation No. 1497.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

Incorporated under the Laws of the Province of Ontario
by Letters Patent of Amalgamation dated November 1, 1967

CAPITALIZATION AS AT DECEMBER 16, 1968

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares of a par value of $200 each	4,250	4,250	Nil
Common Shares without par value	7,000,000	2,400,063	6,350,000

FUNDED DEBT	
7½% Senior debentures maturing December 1, 1979	$1,000,000
7% Series "A" subordinated debentures maturing June 30, 1974	$1,000,000
6% Series "B" subordinated debentures maturing June 30, 1979	$ 200,000

1. APPLICATION

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 6,350,000 Common Shares without par value in the capital stock of the Company of which 2,400,063 have been issued and are outstanding as fully paid and non-assessable, 425,000 have been reserved for issue upon conversion of the outstanding convertible preference shares and 3,524,937 subject to option or share purchase warrants. Reference is made to the Prospectus under the heading "Securities Under Option"—page 10.

2. HISTORY

Reference is made to the Prospectus under the heading "History"— pages 4, and 5.

3. NATURE OF BUSINESS

Reference is made to the Prospectus under the heading "Business of the Company"—pages 3, and 4.

4. INCORPORATION

Allied Innkeepers Limited (the predecessing Company to Commonwealth Holiday Inns of Canada Limited) was incorporated as a private company under the laws of Ontario by Letters Patent dated March 30, 1964, with an authorized share capital of 40,000 Common Shares with no par value, provided, however, that the aggregate consideration for the issue of the said 40,000 Common Shares with no par value, should not exceed in amount or value the sum of $40,000.

Supplementary Letters Patent were issued to Allied Innkeepers Limited on the following dates and for the following purposes:—

(a) June 29, 1964

Allied Innkeepers Limited was converted from a private company into a public company.

(b) June 17, 1966

(i) 4,250 6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares of a par value of $200 each were created.

(ii) The aggregate consideration for issue of 40,000 Common Shares was increased to $100,000.

(c) October 28, 1966

The said 40,000 Common Shares without par value in the capital stock of the Company, whether issued or unissued, were subdivided into 4,000,000 Common Shares with no par value, provided, however, that the aggregate consideration for the issue of the said 4,000,000 Common Shares with no par value should not exceed in amount or value the sum of $1,970,000.

(d) November 1, 1967

Allied Innkeepers Limited was converted from a public company into a private company and was amalgamated with its 20 subsidiary companies under Letters Patent of Amalgamation with authorized share capital of 4,000,000 Common Shares with no par value and 4,250 6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares with a par value of $200 each, provided, however, that the aggregate consideration for the issue of the said 4,000,000 Common Shares with no par value should not exceed in amount or value the sum of $2,000,000.

(e) May 21, 1968

(i) Allied Innkeepers Limited was converted from a private company into a public company.

(ii) The capital stock of Allied Innkeepers Limited was increased by the creation of 2,500,000 additional Common Shares with no par value, provided, however, that the aggregate consideration for the issue of the said 2,500,000 Common Shares with no par value together with the existing 4,000,000 Common Shares with no par value should not exceed in amount or value the sum of $16,000,000.

(f) September 20, 1968

(i) The name of the Company was changed from Allied Innkeepers Limited to Commonwealth Holiday Inns of Canada Limited.

(ii) The capital stock of the Company was increased by the creation of 500,000 additional Common Shares with no par value, provided, however, that the aggregate consideration for the issue of the said 500,000 Common Shares with no par value together with the existing 6,500,000 Common Shares with no par value should not exceed in amount or value the sum of $22,000,000.

5. SHARE ISSUES

STATEMENT OF INDIVIDUAL ISSUE OF SHARES
FROM APRIL 21, 1964 TO DECEMBER 16, 1968

6½% CUMULATIVE REDEEMABLE CONVERTIBLE
SINKING FUND PREFERENCE SHARES PAR VALUE $2.00 EACH

Date	Number	Amount Per Share Realized	Total Amount Realized	Paid In Cash
June 30, 1966	4,250	$200.00	$850,000.00	$850,000.00

COMMON SHARES NO PAR VALUE

Date	Number	Amount Per Share Realized	Total Amount Realized	Paid In Cash
1—April 21, 1964	10	$ 1.00	$ 10.00	$ 10.00
2—June 29, 1964	19,990	$ 1.00	$ 19,990.00	$ 19,990.00
3—May 27, 1966	500	$ 1.00	$ 500.00	$ 500.00
4—October 28, 1966	2,029,500			(Stock Split)
5—November 1, 1967	63		(Issued from Treasury on Amalgamation of Subsidiary Companies and in exchange for qualifying shares)	
*6—December 16, 1968	350,000	$10.81	$3,783,500.00	$3,783,500.00
	2,400,063		$3,804,000.00	

*Reference is made to the Prospectus under the heading "Use of Proceeds", page 11.

POSITION AT DECEMBER 16, 1968

Issued and Fully Paid

4,250 6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares	$ 850,000.00
2,400,063 Common Shares	$3,804,000.00
	$4,654,000.00

NOTE—All shares were issued for additional working capital unless otherwise noted above.

6. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of shareholders. The 6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares have attached thereto the principal attributes to which reference is made in the Prospectus under the heading "Convertible Preference Shares"—pages 24, and 25.

7. DIVIDEND RECORD

PAYMENTS OF PREFERRED DIVIDEND

Date Paid	Period Covered	Amount
August 15, 1966	To August 15, 1966	$ 7,076.54
November 15, 1966	To November 15, 1966	13,812.50
February 15, 1967	To February 15, 1967	13,812.50
May 15, 1967	To May 15, 1967	13,812.50
August 15, 1967	To August 15, 1967	13,812.50
November 15, 1967	To November 15, 1967	13,812.50
February 15, 1968	To February 15, 1968	13,812.50
May 15, 1968	To May 15, 1968	13,812.50
August 15, 1968	To August 15, 1968	13,812.50
November 15, 1968	To November 15, 1968	13,812.50

8. RECORD OF PROPERTIES

Reference is made to the Prospectus under the heading "Properties"—page 7.

9. SUBSIDIARY COMPANIES

Name	Associated Innkeepers Supplies Limited	Allied Innkeepers (Bermuda) Limited
Date of Incorporation	November 1, 1967	February 22, 1968
Jurisdiction	Ontario	Bermuda
Common Shares Authorized	40,000	5,000
*Common Shares Issued	3	5,000
Preferred Shares Authorized	Nil	Nil
Nature of Business	Inactive	Intended to operate Caribbean hotels

*All issued shares are beneficially owned by the Company.

10. FUNDED DEBT

7½% Senior debentures maturing December 1, 1979	$1,000,000
7% Series "A" subordinated debentures maturing June 30, 1974	$1,000,000
6% Series "B" subordinated debentures maturing June 30, 1979	$ 200,000

The subsidiary companies have no funded debt.

11. OPTIONS, UNDERWRITINGS, ETC.

Reference is made to the Prospectus under the headings "Securities Under Option" and "Capital"—pages 10, and 20.

12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company or its subsidiaries listed on any stock exchange.

13. STATUS UNDER SECURITIES ACT

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

The Ontario Securities Commission issued its official receipt dated November 29, 1968 acknowledging receipt of the material required under The Securities Act (Ontario); The British Columbia Securities Commission issued its official receipt dated December 2, 1968 under the Securities Act (British Columbia); The Saskatchewan Securities Commission issued its official receipt dated December 2, 1968 acknowledging receipt of the material required under The Securities Act (Saskatchewan). The Winnipeg Stock Exchange through a letter dated December 2, 1968 approved the application for the sale of certain securities in the Province of Manitoba, all in reference to the offering of 450,000 common shares in the capital stock of the Company at $11.50 per share.

14. FISCAL YEAR

The fiscal year of the Company ends on October 31st in each year.

15. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of the Company shall be held at such place within Ontario, at such time and on such day in each year as the Board, or the President, or a Vice-President who is a director may from time to time determine. The last annual meeting of the shareholders was held in London, Ontario, on March 29, 1968.

16. HEAD AND OTHER OFFICES

The head office of the Company is situated at 292 King Street, in the City of London, in the Province of Ontario. In addition the Company has offices in the Rosebank Building, Hamilton, Bermuda; 32-34 Hill Street, London W1, England; 140 Kendal Avenue, Toronto 4, Canada; and Bridgetown, Barbados.

17. TRANSFER AGENT

The Transfer Agent of the Company is:

The Royal Trust Company
119 Adelaide Street West
Toronto, Ontario

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. REGISTRAR

The Registrar of the Company is:

Canada Permanent Trust Company
320 Bay Street
Toronto, Ontario

20. AUDITORS

The Auditors of the Company are:

Clarkson, Gordon & Co.
291 Dundas Street
London, Ontario

21. OFFICERS

Name	Office	Home Address
David Rubinoff	President	1652 Stoneybrook Crescent London, Ontario
Ernest Bernard Fletcher	Executive Vice-President and General Manager	473 Victoria Street London, Ontario
Albert Edwin Shepherd	Senior Vice-President	1668 Greenacres Drive London, Ontario
Edward Christopher Campbell	Vice-President (Senior Administrator of Operations)	481 Regent Street London, Ontario
Andre Robert Pettigrew	Vice-President (Finance) and Treasurer	483 Berkshire Drive London, Ontario
Robert Allen Rubinoff	Vice-President (Director of Inn Operations)	1652 Stoneybrook Crescent London, Ontario
Charles Hamilton King	Secretary	816 Manchester Road London, Ontario
Jeanette Mary Stevens	Assistant Secretary	1178 Adelaide Street London, Ontario

22. DIRECTORS

The Directors of the Company are:

Name	Home Address
David Rubinoff	1652 Stoneybrook Crescent, London, Ontario
Ernest Bernard Fletcher	473 Victoria Street, London, Ontario
Albert Edwin Shepherd	1668 Greenacres Drive, London, Ontario
Frank Wilson Adams	769 Reddock Street, Memphis, Tennessee
Ludwick Mosyne Clymer	226 Grove Park Road, Memphis, Tennessee
Frederick William Pryce Jones	35 Doncaster Avenue, London, Ontario
David Black Weldon	20 Gibbon's Place, London, Ontario
Richard William Yantis	5 Doncaster Avenue, London, Ontario

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

NEW AND OUTSTANDING SHARES

Commonwealth Holiday Inns of Canada Limited

450,000 COMMON SHARES

Without par value

Of the shares offered by this prospectus, 350,000 shares are being purchased from the Company and 100,000 shares are being purchased from a shareholder as set out on page 13 under the heading "Principal Shareholders".

	Price to	*Proceeds to		
	Public	Underwriter	Company	Selling Shareholder
Per Share	$11.50	$0.69	$10.81	$10.81
Total	$5,175,000	$310,500	$3,783,500	$1,081,000

* Before deducting the expenses of the issue estimated at $65,000, of which approximately $50,000 will be borne by the Company and approximately $15,000 by the selling shareholder.

The Company holds franchises granted by Holiday Inns of America, Inc. These franchises may be terminated but only under the specific conditions described on page 3.

MARKET

There is no public market at this time for the securities offered hereby, and the price thereof was determined by negotiation.

POTENTIAL DILUTION

The exercise of outstanding options, warrants, and the conversion of outstanding Preference Shares would result in the Company issuing an additional 3,949,937 common shares over a period of time.

If the additional financing as described on page 6 is completed, the Company will issue warrants which, if exercised, would result in the issuing of a further 250,026 common shares. Reference is made to Potential Dilution on page 10 showing the earliest possible time that such dilution can occur.

At July 31, 1968, after giving effect to this issue, the equity per Common Share will be $1.84. If the 4,199,963 Common Shares referred to above were issued as of July 31, 1968, this would have the effect of increasing the equity per Common Share to $2.80.

We, as principals, offer these Common Shares, if, as and when delivered to us and accepted by us subject to prior sale and approval of all legal matters on behalf of the Company by Shepherd, McKenzie, Plaxton, Little & Jenkins and on our behalf by Ivey & Dowler. We reserve the right to accept applications for these common shares in whole or in part or to reject any application. It is expected that share certificates will be available for delivery on or about December 16, 1968.

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REGISTRAR AND TRANSFER AGENT

The Registrar for the Common Shares and the Convertible Preference Shares is Canada Permanent Trust Company at its principal offices at Toronto, London, Winnipeg and Vancouver. The Transfer Agent for the Common Shares and Convertible Preference Shares is The Royal Trust Company at its principal offices at Toronto, London, Winnipeg and Vancouver.

THE COMPANY

Allied Innkeepers Limited was incorporated as a private company under the laws of Ontario by Letters Patent dated March 30, 1964 with an authorized share capital of 40,000 Common Shares with no par value. Thereafter, the authorized share capital of the company was increased under Supplementary Letters Patent dated June 17, 1966 by the creation of 4,250 6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares with a par value of $200 each. By Supplementary Letters Patent dated October 28, 1966 the 40,000 Common Shares were subdivided into 4,000,000 Common Shares with no par value. Allied Innkeepers Limited amalgamated with its 20 subsidiaries under Letters Patent of Amalgamation dated November 1, 1967 and by Supplementary Letters Patent dated May 21, 1968 was converted into a public company. Supplementary Letters Patent dated September 20, 1968 increased the authorized share capital to 7,000,000 Common Shares with no par value and changed the name of the company from Allied Innkeepers Limited to Commonwealth Holiday Inns of Canada Limited (the "Company").

The Company has two wholly owned subsidiaries, namely Associated Innkeepers Supplies Limited (presently inactive), incorporated under the laws of Ontario by Letters Patent dated November 1, 1967 and Allied Innkeepers (Bermuda) Limited, incorporated under the laws of Bermuda on February 22, 1968.

The address of the head office and principal office of the Company is 292 King Street, London, Ontario.

BUSINESS OF THE COMPANY

The Company operates motor hotels known as Holiday Inns under 17 franchises granted to it by Holiday Inns of America, Inc. ("HIA"). All the franchises are for a term of 20 years each, from the date of issue. Five franchises expire during the period 1982 to 1985 and 12 franchises expire during the period 1986 to 1988. Upon the expiry of each franchise, the Company may at its option extend the franchise from year to year.

HIA may terminate a franchise only either upon notice in the event of bankruptcy or insolvency of the franchise holder or thirty days after receipt of written notice given by HIA of default of any of the provisions of the franchise agreement if the default is not corrected within that thirty-day period. The franchisee may at his option terminate the franchise upon giving 6 months' notice to HIA (and paying a sum of money if the termination is at a date other than the fourth anniversary of the franchise or a multiple thereof).

In the year ending October 31, 1967 the gross revenue of the Company was derived as follows: rooms — 50.3%, food — 32.2%, beverage — 14.8%, other 2.7%.

Holiday Inn System

The shares offered by this prospectus are not those of HIA but by reason of the degree to which the Company's operations are affected by the nature of the HIA system, details of the HIA system are set out.

HIA directly and through franchises operates the largest innkeeping system in the world. The first Holiday Inn was opened in 1952 in Memphis, Tennessee and the first franchise was granted in 1953. At August 31, 1968 there were over 1,000 operating Holiday Inns with over 130,000 rooms. A franchise holder becomes entitled to operate his Inn as a Holiday Inn, to use the signs and other symbols protected by trade mark and to avail himself of the HOLIDEX reservation system and the technical and national advertising services.

HOLIDEX System

HIA operates a network reservation system through centralized computer facilities located in Memphis, Tennessee. The computer receives requests via the HOLIDEX system for accommodation from all 1,000 Holiday Inns, from metropolitan sales offices in more than 30 cities in the United States and Canada, and from a number of major corporations which have large volume travel requirements and are directly connected

to the computer. The computer immediately confirms reservations or indicates alternate Holiday Inn accommodations and automatically notifies designated Inns of confirmations. The reservation system in effect makes any HOLIDEX system terminal a sales office for any Inn and provides a substantial portion of the room sales.

Franchise Payments

A franchise purchase presently requires an initial payment of the greater of $10,000 or $100 per room, both in U.S. funds. Thirteen of the Company's franchises require a royalty payment of the greater of 2½% of gross room revenue or 15¢ per room per day. The remaining franchises require a royalty payment of the greater of 3% of gross room revenue or 15¢ per room per day. In addition, each Holiday Inn pays 13¢ per room per day to an international advertising and sales promotion fund administered on a non-profit basis by the International Association of Holiday Inns. In the year ended June 30, 1968 the fund spent $5,485,937 on international advertising time and space in a wide variety of media and Reservation Sales Offices which was supplemented by local and regional advertising by individual Inns.

Other Services

A Holiday Inn franchise requires that the franchise holder manage his Inn in accordance with the uniform operational service and maintenance standards established by HIA which also provides training material for personnel and trains the Innkeeper at their school at Memphis, Tennessee. All franchise holders are members of International Association of Holiday Inns ("IAHI"). This body recommends minimum standards of construction and operation and the advertising program of the system to HIA. In practice these recommendations are usually accepted by HIA and become system policy. IAHI is governed by an executive committee of franchise holders elected by all franchise holders. David Rubinoff, president of the Company, is a member of the executive committee and chairman of the construction committee for IAHI.

HIA operates an inspection department with a staff of more than 15 inspectors under the direction of a vice-president. Each Inn is visited by an inspector at least four times each year without prior notice. A detailed assessment of the entire operation of the Inn is made and deficiencies are reported to the owner, the Innkeeper, and HIA, and are required to be corrected at once. Any Inn receiving an unusually favourable report or any Inn in respect of which a certain number of complaints are received by HIA is publicized monthly to all Inns in the HIA system. In addition to meeting the requirements of HIA, the Company maintains its own inspection system which assures that each of the Company's Inns is visited at least once a month.

HIA provides its franchise holders with many technical services including advanced operational and financial controls. The HIA operational experience, derived with computer assistance from the abundance of data from over 1,000 Inns, enables a franchise holder to exercise close control over all phases of his operation and to compare his results to those of other Inns in the system.

All Holiday Inns accept American Express, Diner's Club, Gulf Oil and British American Oil credit cards.

History

In 1961 David Rubinoff, founder of the Holiday Inn System in Ontario, obtained a franchise from HIA, pursuant to which South-Well Inns Limited was incorporated to build and operate the London South Inn on Wellington Road, London, Ontario. In 1962 he obtained a franchise for a second Inn at London and Kingwell Inn Limited was incorporated to build and operate the London Downtown Inn on King Street. In 1962 he obtained the right to build and operate 6 Inns in Ontario (5 at Toronto and 1 at Ottawa). Toronto Hotel Holdings Limited and its subsidiary, Toronto West Hotels Limited, were incorporated to build the Toronto Inns and operate the Toronto West Inn on Municipal Drive, Etobicoke and in 1964 Dalhousie Motor Hotel Limited, an inactive company, was acquired to operate the Ottawa Inn when built. By 1964 David Rubinoff had been granted by HIA an exclusive right until December 31, 1967 to build and operate a total of 24 Holiday Inns within Ontario including four franchises in Toronto, one in Ottawa, and the three franchises already held by him for the two Inns at London and the Toronto West Inn. (For a description of HIA franchises see page 3.)

By June 1964 David Rubinoff owned all the outstanding shares of the five companies above referred to at a cost to him of $41,063 in cash and had personally loaned to the said companies an aggregate of $37,192.63. He agreed to assign to Allied Innkeepers Limited all such outstanding shares, the rights to additional franchises, and the exclusive right to build and operate Holiday Inns in Ontario and to cancel the indebtedness of such companies to him and to receive Series "B" 6% Debentures maturing on June 30, 1979 in the principal amount of $200,000 and 50% of the issued Common Shares of the Company (now equivalent

to 1,000,000 Common Shares). The sum paid was determined by negotiation between the Company and David Rubinoff. The remaining 50% was acquired by investors who loaned to the Company $1,000,000 on June 30, 1964 in return for the Series A subordinated debentures. The Paul Revere Corporation, (then called Massachusetts Protective Association) with its subsidiary, the Paul Revere Life Insurance Company, was the largest of these investors and acquired 37.5% of the outstanding Common Shares.

From 1964 to 1967 the Company purchased the right to five franchises in the Caribbean and one in South America, built or acquired ten more Inns in Ontario, obtained an extension of exclusive Ontario rights to December 31, 1968, incorporated one subsidiary for each Inn built or planned, and incorporated a subsidiary, Associated Innkeepers Supply Company Limited, to carry on the business of selling furniture and equipment. On November 1, 1967 the Company and its subsidiaries amalgamated and the continuing company was Allied Innkeepers Limited. The subsidiaries amalgamated, all of which were incorporated under the laws of Ontario during the period from September 12, 1961 to August 22, 1966, are as follows: Associated Innkeepers Supply Company Limited, Bay-Wellesley Motor Inn Limited, Brantford Motor Inn Limited, Chatwell Motor Inn Limited, Dalhousie Motor Hotel Limited, Don Valley Motor Inn Limited, Dufferin Motor Inn Limited, Essex Motor Inn Limited, Frontenac Motor Inn Limited, Hamilton Motor Inn Limited, Kingwell Inn Limited, Kitwat Motor Inn Limited, Lake Head Motor Inn Limited, Oakville Motor Inn Limited, Peterborough Motor Inn Limited, St. Catharines Motor Inn Limited, South-Well Inns Limited, Toronto East Hotels Limited, Toronto Hotel Holdings Limited and Toronto West Hotels Limited.

Since amalgamation the Company has opened Inns at Brantford and Windsor, Ontario and at Port Huron, Michigan, U.S.A., has commenced construction of an Inn at Toronto ("Toronto-Flemingdon"), has agreed to purchase lands in Toronto and near Hespeler, Ontario for future Inns, has contracted to lease an Inn at Barrie, to manage resort Inns at Huntsville and Kenora, and has agreed to lease an existing Holiday Inn at Pontiac, Michigan, U.S.A. The Company directly or through its Bermuda subsidiary has leased a resort Inn being built in Barbados to open in February 1969, has agreed to purchase lands comprising approximately 48 acres in Barbados, to lease 12 acres in St. Lucia, to lease 9½ acres in Grenada, to purchase 4 lots in Grenada and has acquired an existing hotel in Antigua to open as a Holiday Inn for the 1968-1969 winter season. At November 1, 1968 other sites for Inns were under negotiation or were the subject of Letters of Intent but no agreements had been reached.

Agreement with HIA

In March 1968 the Company had 14 Inns in operation and one under construction in Ontario and one under construction in the Caribbean but the Company's right to obtain additional franchises in Ontario and to exclude all others from so doing was due to expire on December 31, 1968, except with respect to any new Ontario Inns actually under construction by that date. To finance new construction the Company wished to borrow $3,000,000 without being required to give security for repayment. As of March 27, 1968 the Company agreed to grant to HIA an option to purchase 3,254,937 Common Shares of the Company at a price of $3.00 U.S. per share representing 50.1% of all the authorized Common stock of the Company (reference is made to "securities under option" on page 10 for additional information). HIA underwrote a bank loan to the Company of $3,000,000 U.S. as a result of which the Company borrowed that sum for a term of 2 years without giving further security. The price of $3.00 U.S. for the option was determined by the parties by negotiation as a fair option price, being approximately $10,500,000 in Canadian funds (at the then current rate of exchange) for 50.1% of the Company, having regard to the 14 Inns which the Company then operated plus the Inns for which it was then entitled to obtain franchises in the Caribbean up to December 31, 1972, but without any right to obtain future franchises or exclude others from operating Holiday Inns in Ontario after December 31, 1968. The number of future Inns was calculated to be six in the Caribbean and one to be started in Ontario prior to the expiration of the Company's rights on December 31, 1968 — a total of 22 Inns if all were built by December 31, 1972. The act of the Company in granting such option was approved by shareholders, and by The Paul Revere Life Insurance Company and State Mutual Life Assurance Company of America whose consents were required as holders of the Company's Debentures.

After the Company granted the said option it obtained two additional franchises in the State of Michigan and by the agreement of March 27, 1968 and further agreement dated September 18, 1968 HIA also granted to the Company the following rights:

(1) to 10 additional franchises in Ontario (making a total of 34 franchises of which 15 cover existing Inns and 19 are for future Inns) and an extension of the Company's exclusive right in Ontario until December 31, 1973.

(2) to 15 franchises in the United Kingdom (less Northern Ireland).

(3) to 6 additional franchises in the Caribbean (making a total of 11 in the Caribbean and one in South America).

(4) to have access to the public markets to finance the Company's expansion program.

(5) to change the corporate name to include the words "Holiday Inns".

The agreement requires the Company to begin construction or commence operations of Inns as follows:

(a) In the United Kingdom (less Northern Ireland)

(1) at December 31, 1973, 10 Inns shall be operating or under construction in certain designated major cities and specific sites must have been selected for the remainder.

(2) construction shall be started on at least one Inn per year commencing in 1969.

(b) In the Caribbean

(1) at December 31, 1973, 12 Inns shall be operating or under construction.

(2) construction shall be started on at least two Inns per year commencing in 1969.

(c) In Ontario

(1) at December 31, 1973, 19 additional Inns must be operating or under construction.

(2) construction shall be started on at least three Inns per year commencing in 1969.

The Company may at its option accelerate the above schedule. If the Company is in default of the schedule, HIA may at its option terminate all the rights of the Company under the said agreement except that such default would not impair the validity of franchises existing or approved at the date of default.

In the aggregate the Company owns or has the right to acquire 61 franchises in Ontario, the Caribbean and the United Kingdom (less Northern Ireland) and in addition has 2 franchises in the U.S.A. The Company has paid $386,000 U.S. in part payment for franchises not yet granted.

Financing of Immediate Expansion

In order to ensure adequate financing of accelerated expansion of the Company in the immediate future, commitment letters have been executed by the Company and by Morgan Guaranty Trust Company of New York as agent for certain institutional investors, by The Royal Bank of Canada as agent for an institutional investor, by Bankers Trust Company as agent for an institutional investor and by Teachers Insurance and Annuity Association of America (the "Lenders") whereby (subject to the terms and conditions set out in the said commitment letters and subject to execution of documents approved by legal counsel) the lenders are committed to lend and the Company is entitled to borrow $8,500,000 U.S. secured by first or second mortgages, on certain new Inns to be built, or on present Inns to be expanded, all on terms that 80% of the Company's cost of building, furnishing and equipping such Inns and additional rooms, as certified by the Company's auditors, would be advanced. Up to 25% may be expended in the Caribbean and the balance in Continental North America. The sums advanced are repayable with interest at 6⅞% per annum with principal repayments commencing December 31, 1974 with the whole principal being repaid by June 30, 1991. Equal annual payments of blended principal and interest would be approximately $855,000 U.S. if the whole $8,500,000 U.S. is borrowed.

The Company has agreed to grant to the Lenders from time to time as the loan is drawn by the Company option warrants covering 200,000 Common Shares of the Company at a price of $8.00 per share in Canadian funds. The option warrants expire 15 years after the respective issue dates but may not be exercised earlier than three years after their respective issue dates. Documents are expected to be executed by December 1968 after which the Company will be entitled to call from time to time for the monies agreed to be loaned pursuant to the terms of the agreement but the Company is not committed to borrow any part or the whole of the $8,500,000 U.S.

If the Company does not borrow any part of the $8,500,000 U.S. then none of the warrants covering 200,000 Common Shares will be granted to the lenders but if funds are borrowed then the Company shall grant warrants in number in proportion to 200,000 as the funds borrowed are in proportion to $8,500,000. The lenders would receive warrants in the proportion that the funds advanced by that lender are to the total funds advanced.

Based on the Company's construction cost experience, the $8,500,000 U.S. represent 80% of the total cost of building, furnishing and equipping approximately 900 rooms.

As a result of this agreement HIA would be entitled to receive, under its agreements referred to on page 5, warrants covering 50,026 Common Shares exercisable without payment of any consideration. By agreement dated September 20, 1968 HIA has waived its right to these warrants without impairing its rights in the future and in place of these warrants has agreed to accept warrants covering 50,026 Common Shares exercisable at $8.00 per share with the warrants expiring 15 years after the date of issue.

None of the warrants covering 50,026 Common Shares will be granted to HIA unless the Company borrows more than $6,375,000 U.S. and therefore issues warrants to the lenders covering more than 150,000 Common Shares.

Properties

Inn Properties (a)

Location, dates of opening or Acquisition	Total Number of Rooms	Cost of Owned Property	Net Book Value	First Mortgage	Second Mortgage	Chattel Mortgages and Other Secured Long Term Indebtedness Net of Deferred Finance Charges
	As of August 31, 1968					
Land and Buildings Owned						
Brantford — May 1968	121 (b)	$1,668,710	$1,648,389	$1,000,000	—	—
London Downtown — May 1963	201 (b)	3,112,014	2,665,608	1,807,222	$ 400,000	—
London South — June 1962	168 (b)	1,540,578	1,259,685	1,071,535	67,458	$ 855
Peterborough — September 1966	122 (b)	1,505,512	1,395,365	1,167,057	196,000	3,815
Toronto West — December 1963	200 (b)	2,995,147	2,577,868	1,926,111	—	232,858
Toronto East — December 1966	150 (b)	1,900,042	1,756,679	[1,969,829]		—
St. Catharines — May 1966	122 (b)	1,458,336	1,326,375		[739,933]	1,824
Kitchener — December 1965	122 (b)	1,370,986	1,222,488	763,962		1,645
Land and Buildings Leased						
Chatham — June 1965	120 (b) (c)	318,619	240,721	—	—	129,261
Fort William — October 1966	125 (c)	25,163	21,054	—	—	—
Hamilton — April 1966	231 (b) (c)	744,958	598,237	—	—	302,545
Kingston — July 1967	126 (b) (c)	613,877	557,787	—	—	156,940
Port Huron, Michigan — May 1968	100 (c)	56,737	55,634	—	—	—
Ottawa — April 1965	174 (b) (c)	536,479	411,437	—	—	273,152
Oakville — May 1967	126 (b) (c)	409,625	360,115	—	—	[794,789]
Windsor — November 1967	231 (b) (c) (d)	1,009,973	931,944	—	—	
Future Inns						
Antigua Marmora — September 1968	100 (b) (e)	—	—	—	—	—
Toronto Flemingdon — May 1969	291 (f)	1,665,513	1,665,513	1,000,000	—	—
Pontiac, Michigan — October 1968	120 (g)	—	—	—	—	—
Barrie — May 1969	120 (h)	—	—	—	—	—
Barbados — February 1969	139 (h)	—	—	—	—	—
Huntsville — January 1969	50 (j)	—	—	—	—	—
Kenora — January 1969	96 (j)	—	—	—	—	—
TOTALS		$20,932,269	$18,694,899	$10,705,716	$1,403,391	$1,897,684

(a) All properties, if completed, are air conditioned, centrally heated where required, equipped with telephones and television services, have swimming pools, on site free parking for guests, restaurant, coffee shop, banquet facilities, and are licensed for beer, wine and spirits. At all locations television equipment and HOLIDEX units are rented.
(b) Furniture and equipment owned.
(c) Leasehold improvements are owned by the Company.
(d) Has 30 apartment units, land for the guest parking lot is owned.
(e) Expected to open as a Holiday Inn when required alterations have been completed which completion the Company schedules for December, 1968.
(f) Under construction, $1,000,000 construction loan secured by a first charge on property.
(g) Agreed to lease property and awaiting completion of documents.
(h) The Company is committed to lease the property when completed.
(j) The Company has a management contract only and does not own any part of the property.

Other Properties

(1) The Company has agreed to purchase land in Toronto located near the intersection of Dufferin Street and Highway 401 (opposite Yorkdale Shopping Centre) at a cost of $610,000 and has reserved this property for a future Inn.

(2) Head Office of the Company at 292 King Street, London is leased to March 1, 1972 at an annual rental of $10,800. The Company has made improvements to the property costing $73,473 and the Company owns furnishings therein costing $78,446 for a total of $151,919. At August 31, 1968 the net book value of the improvements and furnishings was $117,728.

(3) Office at 140 Kendal Avenue, Toronto is leased to December 31, 1970 at an annual rental of $6,000. The Company has made improvements on the property costing $17,492 and the Company owns furnishings costing $8,321 for a total of $25,813. At August 31, 1968 the net book value of the improvements and furnishings was $16,339.

(4) The Company has agreed to purchase approximately 48 acres in Barbados at a cost of $225,000 U.S. for the purpose of constructing an Inn thereon.

(5) The Company has agreed to purchase land beside Highway 401 (near Hespeler) at a cost of $49,000 and has reserved this property for a future Inn.

(6) The Company has agreed to lease approximately 12 acres on the island of St. Lucia in the Caribbean for 66 years with the right to renew the lease for an additional 24 years. The cost to

the Company is 6,000 East Caribbean Dollars per year for the first ten years and 25,000 East Caribbean Dollars per year thereafter.

(7) The Company has agreed to purchase 4 lots on the island of Grenada in the Caribbean at a cost of $30,000 U.S. currency, and to lease lands totalling 9½ acres for a term of 58 years with the right to renew the leases for an additional 32 years. The cost to the Company under one lease is 3,000 East Caribbean Dollars per year with the lease sum for the first 20 years to be prepaid and under a second lease 8,100 East Caribbean Dollars per year.

Growth In Operations

The number of Inns operated by the Company increased from 3 with a total of 441 rooms at the date of incorporation in 1964 to 16 with a total of 2,439 rooms as at July 31, 1968. The average occupancy rates for all the Inns of the Company for the period 1964 to 1967 is as follows: 1964 — 71%, 1965 — 79%, 1966 — 75%, 1967 — 72%, 1968 — 72% (estimated).

Subsequent to July 31, 1968 the Company purchased the 100 room Marmora Beach Hotel in Antigua which the Company expects to open as a Holiday Inn when required alterations have been completed which completion the Company schedules for December, 1968. At September 20, 1968 the Company had agreed to lease an Inn of 120 rooms and in addition 5 inns with a total of 696 rooms were under construction. These Inns are scheduled to open prior to May 31, 1969.

Reference is made to Statement of Consolidated Earnings on pages 16 and 17.

Competition

The hotel business is highly competitive with many hotels and motels operating throughout the area in which the Company's properties are located. The Company's chain of Inns is the largest in Ontario and offers relatively uniform accommodation at all locations with free advance reservations through the HOLIDEX system for all the over 1,000 Inns in the Holiday Inn system.

The Company carefully selects sites recognizing changing traffic patterns and city core developments. All buildings are planned for durability and attractiveness. To minimize labour costs the Company incorporates the most recent technological developments. Modern facilities are offered at all locations and the Company follows a continuing program of renovating buildings, furniture and equipment.

CAPITALIZATION

The consolidated capitalization of the Company after giving effect to the increased authorized capital on September 20, 1968 is:

	Authorized	Outstanding July 31, 1968	Outstanding August 31, 1968	To Be Outstanding On Completion of this Financing
LONG TERM DEBT				
Mortgages Payable (1)	—	$11,084,059	$11,109,107	$11,109,107
Chattel Mortgages Payable (2) (net of deferred finance charges)	—	$ 1,917,527	$ 1,897,684	$ 1,897,684
8% Unsecured Bank Loan (3)	—	$ 3,231,562	$ 3,231,562	—
9% Construction Loan (4)	—	$ 1,000,000	$ 1,000,000	$ 1,000,000
7½% Senior Debentures, due December 1, 1979	$1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
7% Subordinated Debentures, Series A, due June 30, 1974	$1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
6% Subordinated Debentures, Series B, due June 30, 1979	$ 200,000	$ 200,000	$ 200,000	$ 200,000
SHARE CAPITAL				
6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares with a par value of $200 each (5)	4,250 shs.	4,250 shs.	4,250 shs.	4,250 shs.
	$ 850,000	$ 850,000	$ 850,000	$ 850,000
Common Shares without par value (6)	7,000,000 shs.	2,050,063 shs.	2,050,063 shs.	2,400,063 shs.
		$ 20,500	$ 20,500	$ 3,804,000

1. The mortgages outstanding were principally incurred in connection with the construction of Inns and are first or second mortgages. Reference is made to page 19, note 4 for further details.
2. The chattel mortgages outstanding are secured by a charge upon the furnishings of the various Inns. Reference is made to page 19, note 4 for further details.

3. The 8% unsecured bank loan is underwritten by Holiday Inns of America, Inc. ("HIA") and while not due until May 24, 1970 the company has an agreement with HIA to repay the loan from part of the proceeds of the sale of the 350,000 Common Shares offered by this prospectus.
4. By agreement dated July 22, 1968 and amended July 23, 1968 The Mercantile Bank of Canada has agreed to make a construction loan to the Company in connection with construction of the Toronto-Flemingdon Inn in the amount of $3,750,000 bearing interest at the rate of 9% per annum on the amounts from time to time advanced together with a commitment fee of $37,500, secured by a first mortgage on the said property. The agreement further provides that repayment is to be made from mortgage funds committed by State Mutual Life Assurance Company of America ("State Mutual") pursuant to an agreement dated January 17, 1968 and amended July 29, 1968. State Mutual's commitment expires July 1, 1969.
5. The Convertible Preference shares may be converted into 425,000 Common Shares of the Company. Reference is made to page 20 and page 24.
6. As of August 31, 1968 3,524,937 Common Shares are reserved as follows:

(a) for exercise of the share purchase warrants (1966 warrants) entitling the holder thereof to purchase Common Shares at $2.00 per share up to and including June 30, 1978	250,000 shares
(b) for exercise of the share purchase warrants (1968 warrants) entitling the holder thereof to purchase Common Shares at $3.00 U.S. per share up to and including November 1, 1978	3,254,937 shares
(c) for exercise of employees' stock option entitling the holders thereof to purchase Common Shares at $10.50 per share expiring at December 31, 1972	20,000 shares
Total	3,524,937 shares

Additional Common Shares may be required to be reserved pursuant to an agreement for additional financing more fully described on page 6.
7. For details with respect to lease commitments see page 21, note 9.
8. The Company contemplates additional financing of $8,500,000 U.S. Reference is made to Financing of Immediate Expansion on page 6.

COMMON SHARES

All the Common Shares without par value ("Common Shares") rank equally as to entitlement to dividends, voting rights (each Common Share carrying one vote at all meetings of shareholders) and repayment on liquidation or other distribution. All issued Common Shares and the Common Shares offered by this prospectus have been or will be issued as fully paid and non-assessable shares. Further Common Shares may be allotted and issued at such times, in such manner and to such persons as the directors of the Company may from time to time determine and accordingly the holders of Common Shares do not have pre-emptive rights as such.

The Common Shares are subject to the provisions attached to the Convertible Preference Shares outlined on page 24 and the provisions of the Senior Debentures, the Series A and Series B Subordinated Debentures outlined on page 22.

Prior Sales of Common Shares

During the twelve month period ending August 31, 1968 the following Common Shares of the Company were issued or sold:

(a) As a result of the amalgamation of Allied 1964 and its subsidiary companies as described on page 4, the Company converted, on a share for share basis, 2,050,063 of its Common Shares in exchange for all the shares of Allied 1964 and 63 shares of its Subsidiary Companies not cancelled.
(b) David Rubinoff, the selling shareholder, sold 18,000 Common Shares at a price of $4.00 per share.
(c) Daray Investments Limited (controlled by David Rubinoff) sold 50,000 Common Shares at $4.00 per share.

DIVIDEND RECORD AND POLICY

The Company has paid the following dividends on its Convertible Preference Shares since the date of their issuance, June 30, 1966:

	Year ended October 31, 1967	Ten Months ended August 31, 1968
6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares with a par value of $200 each		
Total	$62,327.00	$41,437.00
Per Share	$ 14.67	$ 9.75

No dividends have been declared or paid on the Common Shares of the Company. The Board of Directors has formed no intention so to do at this time.

SECURITIES UNDER OPTION

1966 Warrants

Share Purchase Warrants ("1966 Warrants") covering 250,000 Common Shares were issued to State Mutual Life Assurance Company of America ("State Mutual") in conjunction with the sale to State Mutual of the Senior Debentures. The 1966 Warrants entitle the holder thereof to purchase Common Shares at $2.00 per share up to and including June 30, 1978 payable either in cash or upon surrender to the Company for cancellation of any aggregate principal amount of Senior Debentures equal to $2.00 per share for Common Shares so purchased.

In the event of any change, by subdivision or by consolidation in any manner or by any distribution of shares, in the number of Common Shares then outstanding into a different number of shares, or if the Company at any time issues or sells any Common Shares at a price less than $2.00 per share, the exercise right shall be adjusted so as to protect the holders of the 1966 Warrants against dilution.

1968 Warrants

Share Purchase Warrants ("1968 Warrants") covering 3,254,937 Common Shares were issued to HIA in conjunction with an agreement with HIA dated March 27, 1968 (reference is made to Agreement with HIA on page 5). The 1968 Warrants entitle the holder thereof to purchase Common Shares at $3.00 U.S. per share for an aggregate of $9,764,811 U.S. payable in cash. The warrants expire on November 1, 1978.

If prior to November 1, 1978 the Company should have Common Shares outstanding together with Common Shares reserved for the exercise of warrants and options granted and for conversion of other securities of the Company into Common Shares in aggregate greater than 6,500,000 Common Shares, then the Company shall grant additional warrants to the holders of the 1968 warrants without increasing the aggregate of $9,764,811 payable on the total of the 1968 warrants and the additional warrants such that the holders of the 1968 warrants shall have been granted Common Share Warrants of the Company equal to 50.075 percent of the total Common Shares of the Company outstanding together with Common Shares reserved for the exercise of warrants and options granted and for the conversion of other securities of the Company into Common Shares. Additional warrants issued to the holders of the 1968 Warrants shall expire at the same time as the 1968 Warrants. The holders of the 1968 Warrants may at their option waive their rights to additional warrants in part or in whole. Reference is made to Financing of Immediate Expansion on page 6.

The 1968 Warrants and any additional Warrants issued to the holders of the 1968 Warrants are exercisable at any time before November 1, 1978 at the option of the holder except that none of the 3,254,937 1968 Warrants may be exercised before November 1, 1969, no more than 813,734 Warrants may be exercised during each 12 month period beginning November 1, 1969 and the right of exercise is cumulative.

Employee Options

Options covering 20,000 Common Shares have been granted to employees of the Company at $10.50 per Common Share. These options entitle the employees to purchase shares in varying amounts approximating 5,000 Common Shares per year commencing January 1, 1969 and expiring December 31, 1972. The right of exercise is cumulative.

In the event of any change, by subdivision or by consolidation in any manner or by the distribution of shares, in the number of Common Shares then outstanding into a different number of shares, the exercise right shall be adjusted.

POTENTIAL DILUTION

At October 31, 1968, after giving effect to the issuance of the shares offered by this prospectus, there will be 2,400,063 common shares outstanding. If the outstanding options and warrants are exercised and the Preference Shares are converted, both at the earliest possible dates, and if the additional financing, as described on page 6, is completed in 1969 and the warrants attaching thereto are exercised at the earliest possible date, the following indicates the maximum Common Shares which would be issued in each year.

Year ending October 31	Shares issued during year	Consideration received for shares issued during year	Total Shares Outstanding at Year end
1969	680,250	$ 1,405,125	3,080,313
1970	818,784	2,689,523	3,899,097
1971	818,634	2,687,948	4,717,731
1972	1,068,560	4,687,106	5,786,291
1973	813,735	2,636,501	6,600,026
	4,199,963	$14,106,203	

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 350,000 Common Shares amounting to approximately $3,733,500 (after deducting issue expenses estimated at $50,000) will be applied to retire the unsecured bank loan of $3,231,562 and the balance will be added to cash resources to be expended in the future for construction or equipment or both of existing Inns or new Inns.

The Company will not receive any of the proceeds from the sale of the 100,000 Common Shares owned by the selling shareholder and offered by this prospectus.

UNDERWRITING AGREEMENT

Pursuant to an agreement dated November 28, 1968 the Company and David Rubinoff have agreed to sell 350,000 and 100,000 Common Shares respectively of the Company and Midland-Osler Securities Limited ("Midland-Osler") has agreed to purchase, as principals, the 450,000 Common Shares at a price of $10.81 per Common Share, subject to the terms and conditions set out in the said agreement and in compliance with the necessary legal formalities at a closing to be held on or about December 16, 1968. The said agreement among other things also provides in effect that:

(a) the Company will pay certain expenses in connection with the issue and sale of the Common Shares offered by this prospectus estimated to amount to $50,000.

(b) David Rubinoff will pay certain expenses in connection with the sale of the Common Shares offered by this prospectus estimated to amount to $15,000.

(c) Midland-Osler may refuse to complete the purchase and sale under specific circumstances but in no case will Midland-Osler have the right to purchase part only of the Common Shares offered by this prospectus.

(d) The underwriters may offer the 450,000 Common Shares at any price or prices not exceeding the price to the public set forth on the facing page of this prospectus.

MANAGEMENT

Officers and Directors

Name and Address	Position	Principal Occupation for the Past Five Years
DAVID RUBINOFF * 1652 Stoneybrook Crescent London, Ontario	President and Director	Chief Executive Officer of the Company.
ERNEST BERNARD FLETCHER * 473 Victoria Street London, Ontario	Executive Vice-President, General Manager and Director	General Manager of the Company.
ALBERT EDWIN SHEPHERD, Q.C. * 1668 Greenacres Drive London, Ontario	Senior Vice-President and Director	Barrister and Solicitor, Partner of Shepherd, McKenzie, Plaxton, Little & Jenkins.
EDWARD CHRISTOPHER CAMPBELL 481 Regent Street London, Ontario	Vice-President (Senior Administrator of Operations)	Senior Administrator of Operations of the Company; prior to 1964, Secretary and Director of The Chris N. Campbell Company Limited.
ANDRE ROBERT PETTIGREW 483 Berkshire Drive London, Ontario	Vice-President (Finance) and Treasurer	Chief Financial Officer of the Company; prior to 1967, Director of Financial Planning, Permanente Services Inc.
ROBERT ALLEN RUBINOFF 1652 Stoneybrook Crescent London, Ontario	Vice-President (Director of Inn Operations)	Director of Inn Operations and prior to 1967, Innkeeper for the Company; prior to 1966, Manager, Leeds of London.
FRANK WILSON ADAMS 769 Reddock Street Memphis, Tennessee	Director	Senior Vice-President, Holiday Inns of America, Inc.; prior to 1967 Vice-President and Treasurer, Holiday Inns of America, Inc.
LUDWICK MOSYNE CLYMER 226 Grove Park Road Memphis, Tennessee	Director	Senior Vice-President, Holiday Inns of America, Inc.; prior to 1968, Vice-President and Director, Equitable Securities, Morton & Co., Inc.
FREDERICK WILLIAM PRYCE JONES * 35 Doncaster Avenue London, Ontario	Director	Professor, School of Business Administration, University of Western Ontario.

Name and Address	Position	Principal Occupation for the Past Five Years
DAVID BLACK WELDON * 20 Gibbons Place London, Ontario	Director	President and prior to 1966 Executive Vice-President, Midland-Osler Securities Limited.
RICHARD WILLIAM YANTIS 5 Doncaster Avenue London, Ontario	Director	Chairman of the Board, President, Avco Delta Corporation Canada Limited.
CHARLES HAMILTON KING 816 Manchester Road London, Ontario	Secretary	Secretary and prior to 1968 Assistant Secretary, Kelvinator of Canada Limited.
JEANETTE MARY STEVENS 1178 Adelaide Street North London, Ontario	Assistant Secretary	Secretary to the President of the Company.

* Members of the Executive Committee.

David Rubinoff has a Management Contract with the Company which expires June 30, 1974.

REMUNERATION OF SENIOR OFFICERS AND DIRECTORS

The by-laws of the Company provide, in effect, that the Board of Directors is authorized to fix at any time and from time to time by resolution the remuneration of the directors and officers.

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and to the senior officers, of whom there are eight, is as follows:

	Directors	Senior Officers
The year ended October 31, 1967	Nil	$155,334
The period November 1, 1967 to August 31, 1968	Nil	$150,533
The year ended October 31, 1968 (Estimated)	$2,000	$190,666

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There have been no material transactions during the period August 31, 1965 to August 31, 1968 in which the officers or directors have had any interest except as follows and except as noted in item 5.

1. The Company paid Midland-Osler a commission of $18,500 for the placement in June, 1966 of the $1,000,000 principal amount of Senior Debentures, the 1966 Warrants and the 4,250 Convertible Preference Shares. Reference is made to the interest of David B. Weldon, a director of the Company, in Midland-Osler as outlined on page 11 and page 26.

2. Reference is made to the underwriting agreement, details of which are outlined on page 11, and to the interest of David B. Weldon, a director of the Company, in Midland-Osler as outlined on page 11 and page 26.

3. The Paul Revere Corporation ("Paul Revere") is a holder of more than 10% of the equity shares of the Company and owns more than 10% of the equity shares of Avco Corporation which owns substantially all the issued shares of Avco Delta Corporation Canada Limited ("Avco Delta") which carries on the business of a finance company. Paul Revere, directly or indirectly, owned approximately 99% of the issued shares of The Ontario Loan & Debenture Company ("Ontario Loan"), a loan company, until June, 1968 when the shares of Ontario Loan were sold by Paul Revere to others. Messrs. R. W. Yantis and F. W. P. Jones, directors of the Company, are and have been directors of Avco Corporation and of Avco Delta throughout the period commencing at August 31, 1965 and were directors of Ontario Loan during the period in which Ontario Loan was controlled by Paul Revere. In the ordinary course of business Avco Delta loaned money to the Company (and its subsidiaries before amalgamation) secured by chattel mortgages, at rates competitive with those of the open market. At July 31, 1968 the aggregate amount owing net of deferred finance charges was $1,870,374. Ontario Loan, in the ordinary course of its business, has made loans to the Company (or its subsidiaries before amalgamation) secured by mortgages on real estate at rates competitive with those of the open market. At July 31, 1968 the aggregate owing was $2,283,131.

4. Albert Edwin Shepherd, a director and senior officer of the Company, is a partner in the firm of Shepherd, McKenzie, Plaxton, Little & Jenkins, named on the facing page of this prospectus, which firm has acted as solicitors for the Company since the incorporation of the Company and has been paid fees for such legal services from time to time in the ordinary course of business. He purchased for cash and beneficially owns securities of the Company comprising $20,000 in principal value of Series "A" debentures, 24,800 Common shares, and 25 Preference shares convertible into 2,500 Common shares.

5. For material transactions prior to August 31, 1965 reference is made to History on page 4.

PRINCIPAL SHAREHOLDERS

As at August 31, 1968 the following are the names of all the persons who to the knowledge of the Company own directly or indirectly, beneficially or of record more than 10% of the equity securities of the Company:

Name and Address	Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class
David Rubinoff, (1) 1652 Stoneybrook Crescent, London, Ontario.	Common	of record & beneficially	157,021	7.7%
Daray Investments Limited, (1) Suite 711, 200 Queens Ave., London, Ontario.	Common	of record & beneficially	750,000	36.6%
The Paul Revere Corporation, (2) 18 Chestnut Street, Worchester, Massachusetts.	Common	of record & beneficially	550,000	26.8%
The Paul Revere Life Insurance Company, (2) 18 Chestnut Street, Worchester, Massachusetts.	Common	of record & beneficially	200,000	9.8%

(1) David Rubinoff by virtue of the ownership of more than 50% of the outstanding voting shares of Daray Investments Limited, controls that company and the remaining shares are beneficially owned by members of his family or by trustees for his infant child.

(2) The Paul Revere Life Insurance Company is a wholly owned subsidiary of The Paul Revere Corporation. The Paul Revere Corporation is a subsidiary of Avco Corporation, a widely held company listed on the Toronto, New York and Midwest Stock Exchanges.

The senior officers and directors as a group beneficially owned, directly or indirectly, equity securities of the Company at August 31, 1968 as follows:

Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class
Common	of record & beneficially	282,488	13.8%
Common	beneficially	834,375 (1)	40.7%

(1) The 834,375 Common Shares are owned by corporations controlled by one or more of the senior officers and directors by virtue of ownership of more than 50% of the voting shares of such corporations. In addition corporations not controlled by senior officers and directors or any of them, but in respect of whose equity shares such persons own 10% or more, own 25,000 Common Shares.

David Rubinoff, owner of 157,021 Common Shares and controlling 750.000 Common Shares through Daray Investments Limited, is offering for sale by this prospectus 100.000 Common Shares decreasing his direct ownership to 57,021 Common Shares. The net proceeds of $1,081,000 from the sale of these shares will be received by David Rubinoff and no part of these proceeds will be received by the Company.

Assuming that all the outstanding warrants were exercised and that all convertible securities were converted into Common Shares and after giving effect to the sale of the Common Shares offered by this prospectus, the directors and senior officers would control as at August 31, 1968 directly or indirectly 17.1% of the then issued Common Shares of the Company and Holiday Inns of America, Inc. would own beneficially 50.1%. It should be noted however that HIA warrants may not be fully exercised prior to November 1, 1972 as indicated on page 10.

MATERIAL CONTRACTS

The Company in the ordinary course of its business has since incorporation entered into numerous contracts relating to the franchising, leasing, construction, and mortgaging of Inns and the supply of food, beverages and incidentals to the Inns.

In addition to the above mentioned contracts entered into by the Company in the ordinary course of its business, the Company has entered into the following material contracts within the two years preceding the date hereof:

1. The Underwriting Agreement dated November 28, 1968 and referred to on page 11.
2. The agreement with Holiday Inns of America, Inc. dated March 27, 1968 and September 18, 1968. Reference is made to Agreement with Holiday Inns of America, Inc. on page 5.
3. Commitment letters relating to a loan of $8,500,000 U.S. and referred to on page 6.

Copies of the above material contracts may be inspected during ordinary business hours at the Head Office of the Company, 292 King Street, London, Ontario, during the course of primary distribution to the public of the securities offered by this prospectus and for a period of 30 days thereafter.

AUDITORS

The auditors of the Company are Clarkson, Gordon & Co., Chartered Accountants, 291 Dundas Street, London, Ontario.

COMMONWEALTH HOLIDAY

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CONSOLIDATED BALANCE SHEET AND PR

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The pro forma consolidated balance sheet gives effect to the following:

(a) The issuance of supplementary letters patent on September 20, 1968 changing the name of the company from Allied Innkeepers Limited to Commonwealth Holiday Inns of Canada Limited and increasing authorized common shares to 7,000,000.

(b) The issue and sale to underwriters of 350,000 common shares for $3,783,500.

(c) The payment of the Companies' share of expenses in connection with the issue estimated at $50,000 which has been written off against consolidated retained earnings.

(d) The application of $3,231,562 of the net proceeds of the issue to the reduction of bank indebtedness included with long term debt, and the addition of the balance of $501,938 to the Companies' cash resources.

ASSETS

	Consolidated balance sheet	Pro forma consolidated balance sheet
Current:		
Cash and short term deposits	$ 1,292,128	$ 1,794,066
Accounts receivable less allowance for doubtful accounts of $42,500	850,940	850,940
Inventories of beverages, food and supplies — at the lower of cost or market	304,269	304,269
Prepaid expenses and deposits	620,534	620,534
	3,067,871	3,569,809
Fixed — at cost (note 2):		
Land	1,549,279	1,549,279
Buildings and leasehold improvements	11,224,008	11,224,008
Furniture and equipment, roadways, sewers and swimming pools	6,674,824	6,674,824
	19,448,111	19,448,111
Less accumulated depreciation	2,144,038	2,144,038
	17,304,073	17,304,073
Inn under construction — at cost	1,585,586	1,585,586
Deferred expenses (note 3)	836,247	836,247
Franchises — Holiday Inns of America, Inc. — at cost	317,342	317,342
	$23,111,119	$23,613,057

The accompanying "Notes to the Consolidated Finan

AUDITOI

To the Directors of
Commonwealth Holiday Inns of Canada Limited.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Commonwealth Holiday Inns of Canada Limited (formerly Allied Innkeepers Limited) and its subsidiaries as at July 31, 1968 and the statements of consolidated earnings and consolidated retained earnings for the five years and nine months ended on that date.

For the four years and nine months ended July 31, 1968 our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For the year ended October 31, 1963 we have relied on the reports of the auditors who examined the financial statements of the predecessor companies for that year.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the consolidated financial position of the companies as at July 31, 1968;

London, Canada.
September 30, 1968.

INS OF CANADA LIMITED
laws of Ontario)
liaries

)RMA CONSOLIDATED BALANCE SHEET
31, 1968

LIABILITIES

		Consolidated balance sheet	Pro forma consolidated balance sheet
Current:			
Accounts payable and accrued charges		$ 1,249,206	$ 1,249,206
Taxes payable		99,466	99,466
Long term debt instalments due within one year (note 4)		551,157	551,157
		1,899,829	1,899,829
Long term debt (note 4)		19,433,148	16,201,586
Less instalments due within one year		551,157	551,157
		18,881,991	15,650,429
Deferred income taxes (note 5)		795,000	795,000
Shareholders' equity:			
Capital (note 6) —			
Authorized:			
4,250 6½% cumulative redeemable convertible sinking fund preference shares with a par value of $200 each	$ 850,000		
6,500,000 common shares of no par value (pro forma consolidated balance sheet — 7,000,000 shares)			
Issued and fully paid:			
4,250 preference shares		850,000	850,000
2,050,063 common shares (pro forma consolidated balance sheet — 2,400,063 shares)		20,500	3,804,000
		870,500	4,654,000
Consolidated retained earnings (note 7)		663,799	613,799
		1,534,299	5,267,799
		$23,111,119	$23,613,057

Approved on behalf of the Board:

(Signed) D. Rubinoff, Director

(Signed) Albert E. Shepherd, Director

tatements" are an integral part of this statement.

EPORT

(b) The accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of the companies as at July 31, 1968 after giving effect to the changes set forth in the heading thereto;

(c) The accompanying statements of consolidated earnings and consolidated retained earnings present fairly the consolidated results of operations of the companies for the five years and nine months ended July 31, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis throughout the years, except for the change in the basis of computing annual depreciation charges on buildings as explained in note 2 and the change in the basis of amortizing deferred opening expenses as explained in note 3, which changes we approve.

CLARKSON, GORDON & CO.,
Chartered Accountants

**STATEMENT OF CONSO
FOR THE FIVE YEARS AND NI**

	1963
Sales	$ 972,58
Earnings from operations before charges as set out below	$ 172,88
Depreciation (note 2)	100,73
Amortization of borrowing costs (note 3)	
Amortization of deferred expenses (note 3)	
Interest on long term debt	106,08
	206,82
Earnings before taxes on income and minority shareholders' interest	(33,93
Taxes on income:	
Current	
Deferred (note 5)	(17,00
	(17,00
Earnings before minority interest	(16,93
Minority interest in losses of a subsidiary company (note 1)	
Consolidated net earnings (loss) for the period (note 1)	$ (16,93

**STATEMENT OF CONSOL
FOR THE FIVE YEARS AND NI**

Consolidated retained earnings (deficit) beginning of period (note 1)	$ (5,28
Consolidated net earnings (loss) for the period	(16,93
	(22,22
Dividends paid on preference shares	
Write-off of:	
Excess of cost of interest in subsidiary company over value of net tangible assets acquired	
Incorporation expenses	
	(22,22
Less preacquisition losses (note 1)	22,22
Consolidated retained earnings (deficit) end of period	0

The accompanying "Notes to the Consolidated Financ

NNS OF CANADA LIMITED

bsidiaries

ATED EARNINGS (note 1)
ONTHS ENDED JULY 31, 1968

Years ended October 31				Nine months ended July 31	
1964	1965	1966	1967	1967 (unaudited)	1968
$2,650,583	$3,567,315	$7,062,421	$12,453,855	$8,414,622	$11,952,398
$ 563,225	$ 799,778	$1,390,461	$ 2,717,286	$1,629,437	$ 2,072,250
216,282	212,208	414,538	668,488	472,795	659,324
1,421	25,540	33,241	35,668	26,754	32,004
53,088	39,318	30,092	73,657	51,822	86,660
405,491	416,981	685,886	1,022,295	771,415	821,508
676,282	694,047	1,163,757	1,800,108	1,322,786	1,599,496
(113,057)	105,731	226,704	917,178	306,651	472,754
12,100		21,000	1,300		
(69,000)	55,000	101,000	480,000	175,000	245,000
(56,900)	55,000	122,000	481,300	175,000	245,000
(56,157)	50,731	104,704	435,878	131,651	227,754
		7,539	32,446	32,446	
$ (56,157)	$ 50,731	$ 112,243	$ 468,324	$ 164,097	$ 227,754

TED RETAINED EARNINGS
ONTHS ENDED JULY 31, 1968

	$ (18,097)	$ 32,634	$ 144,877	$ 144,877	$ 501,644
$ (56,157)	50,731	112,243	468,324	164,097	227,754
(56,157)	32,634	144,877	613,201	308,974	729,398
			62,327	48,514	41,437
			49,230		
					24,162
			111,557	48,514	65,599
(56,157)	32,634	144,877	501,644	260,460	663,799
38,060					
$ (18,097)	$ 32,634	$ 144,877	$ 501,644	$ 260,460	$ 663,799

atements" are an integral part of these statements.

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of consolidation

Commonwealth Holiday Inns of Canada Limited (formerly Allied Innkeepers Limited) was incorporated on March 30, 1964. The accompanying consolidated balance sheet and pro forma consolidated balance sheet include the accounts of the parent company, Commonwealth Holiday Inns of Canada Limited and its wholly-owned subsidiaries, Associated Innkeepers Supplies Limited and Allied Innkeepers (Bermuda) Limited. All other subsidiaries, including the five subsidiaries acquired at the inception of the company in March 1964 were amalgamated with the parent company on November 1, 1967.

The accompanying statement of consolidated earnings includes the earnings of the parent company and all subsidiary companies from the effective date of their acquisition. The losses shown for the year 1963 are the preacquisition losses of the three operating subsidiaries acquired in March 1964. The 1964 figures also reflect the preacquisition losses of these three subsidiaries for the period ended March 30, 1964.

All of the subsidiary companies have been wholly owned since acquisition in 1964 or subsequent date of incorporation with the exception of one company which was only partially owned from May 4, 1966 until the acquisition of the balance of its shares on August 1, 1967.

2. Fixed assets

A major portion of the real estate and furniture and equipment is pledged to secure mortgages and other long term debt.

For accounting purposes depreciation is computed on a straight-line basis at the following annual rates:

Buildings and leasehold improvements	2½%
Roadways, sewers and swimming pools	4%
Furniture, equipment, rugs and drapes	2½% to 20%

These rates have been consistently applied since November 1, 1964. Prior to that date, the depreciation rate applied to buildings was 3%. The effect of this change has been to reduce the charge for depreciation in the year ended October 31, 1965 by approximately $18,500 from the amount which would have been provided on the former basis.

3. Deferred expenses

These consist of:

Deferred opening expenses	$ 706,452
Deferred cost of borrowing	129,795
	$ 836,247

(a) Deferred opening expenses —

The company follows the practice of deferring all opening expenses incurred by each new Inn until operations are commenced and amortizes these expenses over the first sixty months of operation.

The resulting amortization rate has been applied consistently since November 1, 1965. Prior to that date such deferred expenses were amortized over the first twelve months of operation. The effect of this change was to reduce the charge for amortization in the year ended October 31, 1966 by approximately $116,000 from the amount which would have been provided on the former basis.

Of the total opening expenses of $989,267 deferred since the adoption of this practice, $282,815 has been charged to the operations of subsequent periods and $706,452 represents the unamortized balance as at July 31, 1968.

(b) Deferred cost of borrowing —

The company follows the practice of deferring commissions, discounts, legal and other expenses incurred in connection with the issue of debentures, preference shares and mortgages and of amortizing such amounts by charges against operations over the terms of the respective issues.

Of the total borrowing costs of $257,669 deferred since the adoption of this practice, $127,874 has been charged to the operations of subsequent periods and $129,795 represents the unamortized balance as at July 31, 1968.

4. Long term debt

Long term debt outstanding at July 31, 1968 consists of:

	Consolidated balance sheet	Pro Forma consolidated balance sheet	Due within one year
(a) Real estate mortgages payable:			
7%-9½% first mortages due on various dates from 1970 to 1987	$ 9,680,796	$ 9,680,796	$ 252,727
4%-12% second mortgages due on various dates from 1970 to 1973	1,403,263	1,403,263	25,027
	11,084,059	11,084,059	277,754
(b) Chattel mortgages payable:			
11% and 12% chattel mortgages due on various dates from 1970 to 1973	2,506,831	2,506,831	392,928
Less deferred interest included therein	636,457	636,457	200,628
	1,870,374	1,870,374	192,300
Sundry lien notes due in varying amounts to 1970 (after deducting deferred interest included therein)	47,153	47,153	31,103
	1,917,527	1,917,527	223,403
(c) Sinking fund debentures payable:			
7½% Senior debentures maturing December 1, 1979 (sinking fund payment of $50,000 in 1969 and 1970, $75,000 in 1971 and 1972, $100,000 in each of the years 1973 to 1979 and $50,000 on maturity)	1,000,000	1,000,000	50,000
7% Series "A" subordinated debentures maturing June 30, 1974 (sinking fund payments of $200,000 in each of the years 1970 to 1973 and $200,000 on maturity)	1,000,000	1,000,000	
6% Series "B" subordinated debentures maturing June 30, 1979 (sinking fund payments of $40,000 in each of the years 1975 to 1978 and $40,000 on maturity)	200,000	200,000	
	2,200,000	2,200,000	50,000
(d) Due to bankers:			
To be repaid from proceeds of issue of common shares	3,231,562	—	
To be repaid by November 1, 1969 from proceeds of committed mortgage loan (present loan secured by a first charge on certain property and improvements)	1,000,000	1,000,000	
	4,231,562	1,000,000	
	$19,433,148	$16,201,586	$ 551,157

5. Deferred income taxes

For income tax purposes the companies have claimed capital cost allowances, opening expenses and costs of borrowing in excess of depreciation and amortization charged against earnings. Prior to November 1, 1967 the income tax reductions resulting from this practice were reflected in earnings by way of a reduction in the provisions for taxes on income. As of November 1, 1967 the companies changed their basis of accounting for such income tax reductions which are now deferred and will be brought into income in those future years when depreciation and amortization charged against earnings are greater than the amounts allowable for tax purposes. Income tax reductions which arose prior to November 1, 1967 and which had been reflected previously in earnings have been adjusted by a charge to consolidated retained earnings and are now reflected as deferred in the accounts of the companies.

In the accompanying statement of consolidated earnings deferred income taxes so reflected in the accounts by a charge to consolidated retained earnings have been deducted from the earnings of each

applicable year. Reductions in income taxes resulting from the carry forward of losses of prior years are also reflected in the years in which such losses were incurred. On this basis consolidated net earnings for the five years and nine months ended July 31, 1968 have been reduced by provisions for income taxes which exceed the amount of such taxes actually payable in respect of the operations of these periods by a total of $795,000.

This difference represents reductions in taxes payable currently as a result of:

(a) Claiming for tax purposes capital cost allowance of $806,839 in excess of the amount of depreciation charged against earnings	$ 420,000
(b) Claiming for tax purposes the allowable portion of deferred cost of opening new inns of $691,069	363,000
(c) Claiming for tax purposes the allowable portion of deferred borrowing costs in connection with issue of debentures, mortgages, etc. of $21,933	12,000
	$ 795,000

The total reduction in taxes arising from the above is applicable to those future periods when amounts permitted as deductions from taxable income will be less than those deducted from earnings in the financial statements and accordingly is shown in the accompanying consolidated balance sheet and pro forma consolidated balance sheet as "Deferred income taxes".

6. Capital

Supplementary letters patent were obtained on May 21, 1968 converting the company to a public company and increasing the authorized common share capital to 6,500,000 shares. Supplementary letters patent dated September 20, 1968 further increased authorized common share capital to 7,000,000 shares.

The 4,250 authorized and issued 6½% cumulative redeemable convertible sinking fund preference shares with a par value of $200 each may be purchased for cancellation at any time if obtainable or are redeemable on or after May 15, 1976 at $214 per share until May 15, 1983 and at $207 per share thereafter, provided that the tangible junior capital on a consolidated basis (as defined) immediately after such redemption is not less than $1,750,000. Prior to May 15, 1976 preference shares may be redeemed at $214 per share provided the book value of the common shares at the time of redemption is not less than 250% of the par value of the preference shares. As long as any preference shares are outstanding the company is required in each year commencing May 15, 1971 to set aside in a sinking fund to be used for the redemption of the preference shares an amount equal to 5% of the par value of the issued preference shares.

As a result of the amalgamation on November 1, 1967 the outstanding Common Shares were increased by 63 representing shares issued without additional consideration in exchange for qualifying shares held by directors of the former subsidiary companies (see note 1).

In addition to the 2,050,063 Common Shares issued at July 31, 1968 the outstanding preference shares may be converted into	425,000 Common Shares
and an additional	250,000 Common Shares
are reserved for issue at $2 per share under stock purchase warrants expiring June 30, 1978 issued to holders of the 7½% senior debentures	
	675,000 Common Shares
Subsequent to July 31, 1968 additional shares have been reserved as follows:	
For issue to employees at $10.50 per share	20,000 Common Shares
For issue at $3 (United States funds) per share under stock purchase warrants expiring November 1, 1978 issued to Holiday Inns of America, Inc.*	3,254,937 Common Shares
	3,949,937 Common Shares

*Note:

Under the provisions of these warrants, if prior to November 1, 1978 the Company should have Common Shares outstanding or reserved for the exercise of warrants or options granted or for conversion privileges in the aggregate greater than 6,500,000 shares, then the Company is required to grant to this warrant holder additional warrants to purchase Common Shares without further consideration so that the warrant holder will hold or have exercised warrants for the purchase of Common Shares equal to 50.075 percent of the total Common Shares outstanding or reserved. The warrant holder concerned has waived its right to receive warrants for the purchase of 50,026 additional Common Shares without consideration to which it would otherwise become entitled if the Company should issue the additional stock purchase warrants referred to in the next paragraph of this note and has agreed to accept instead warrants for the purchase of 50,026 Common Shares at $8 per Common Share.

In addition, if the Company borrows the $8,500,000 in respect of which commitment letters have been executed (as set out in note 8) then at the time that the monies are received the Company has agreed to issue to the lenders additional warrants expiring 15 years after issue for the purchase of 200,000 Common Shares at $8 per share and will also be required to issue similar warrants for the purchase of 50,026 Common Shares to the warrant holder as referred to in the preceding paragraph.

7. Restriction on payment of dividends, etc.

The company has covenanted in the trust indentures securing its sinking fund debentures not to declare any dividends on any of its shares (other than stock dividends) and not to redeem or retire any class of its capital stock or to make any other distribution to shareholders unless after giving effect to such action the sum of the amounts declared as dividends subsequent to March 31, 1966 plus the amounts applied by the company and its subsidiaries subsequent to March 31, 1966 to redeem shares (after crediting against such amount the proceeds of any sale of shares made substantially concurrently therewith) will not be in excess of consolidated net earnings (as defined in the trust indenture) of the company and its subsidiaries for the period from March 31, 1966 to the date of such payment. Also, the company may not declare any dividends if the tangible junior capital (as defined in the trust indenture) is less than $1,750,000.

As at July 31, 1968 the whole of the consolidated retained earnings of $663,799 was restricted with respect to the payment of dividends, but after the issue and sale of 350,000 common shares as given effect to in the pro forma consolidated balance sheet, no part of the consolidated retained earnings will be so restricted.

8. Capital expenditures

The company plans to open 7 new Inns during the twelve month period ending July 31, 1969 and to purchase sites for an additional Inn in Toronto and one in the Caribbean. Of the new Inns, 5 will be either leased or operated under management contract for the owners so that the company will not be required to make any capital expenditures on these Inns except for the purchase of furniture in two cases. On this basis the cost of completing this program has been estimated at $7,550,000 as follows:

Cost to complete Inn under construction including furniture and equipment (Flemingdon Park, Toronto)	$4,070,000
Purchase and renovation cost of new Inn (Antigua)	2,130,000
Cost of furniture and equipment for leased Inns	450,000
Site purchases	900,000
	$7,550,000

At July 31, 1968 amounts not drawn under firm mortgage commitments obtained for certain of these properties amounted to approximately $4,500,000. In addition the company has executed commitment letters with agents for certain institutional lenders under which these lenders have agreed to lend $8,500,000 (United States funds) secured by first or second mortgages against new Inns to be built or present Inns to be expanded.

Subsequent to July 31, 1968 the company has also made a deposit of $250,000 (United States funds) with Holiday Inns of America, Inc. on account of franchise fees totalling $310,000 (United States funds) for 31 additional Inns in Ontario, the Caribbean and Great Britain.

No liability in connection with the above capital expenditures has been reflected in the accompanying consolidated balance sheet or pro forma consolidated balance sheet.

9. Long term leases

The company has entered into agreements to lease properties operated as Inns for periods varying from 10 to 30 years at total minimum rentals for the remaining terms of the leases of approximately $32,000,000. Total minimum fixed rentals per year as at July 31, 1968 approximate $1,500,000. In the case of certain leases, increased rentals may be payable if Inn revenues exceed specified amounts. Certain leases provide the company with options to purchase the leased properties.

Under its agreements with Holiday Inns of America, Inc. the company is required to pay royalties and other fees which amount to approximately $400,000 annually. It has also entered into miscellaneous equipment leases which require annual rental payments of approximately $225,000.

10. Contingent Liability

While no confirmation has been received it is possible that licence transfer fee provisions of the Liquor License Act of Ontario could be deemed to apply as a result of the issue of the Common Shares of the Company. If applicable the fees payable could approximate $75,000. No provision for this fee has been reflected in the accompanying consolidated balance sheet or pro forma balance sheet.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL OR RESCISSION

Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 63 and 64 of The Securities Act, 1967 (Alberta) provide, in effect, that where a security is offered to the public in the course of primary distribution;

(a) a purchaser has the right to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent; and

(b) a purchaser has the right to rescind the contract to purchase such security by commencing an action within 90 days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to the said Acts for the complete text of the provisions under which the foregoing rights are conferred.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution;

(a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

(b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act of British Columbia for the complete text of the provisions under which the rights of purchasers in British Columbia are conferred.

DEBENTURES

Pursuant to a Deed of Trust dated May 15, 1966 made between the Company and Montreal Trust Company, as trustee, as supplemented by a Supplemental Indenture dated May 17, 1968 the Company has issued $1,000,000 principal amount of 7½% Senior Debentures maturing December 1, 1979 of which all were outstanding at August 31, 1968.

Pursuant to a Deed of Trust dated June 15, 1964 made between the Company and The Canada Trust Company, as trustee, as supplemented by a First Supplemental Indenture dated May 15, 1966 and a Second Supplemental Indenture dated May 17, 1968 the Company has issued $1,000,000 principal amount of 7% Subordinated Debentures Series A ("Series A Subordinated Debentures") maturing June 30, 1974 and $200,000 principal amount of 6% Subordinated Debentures Series B ("Series B Subordinated Debentures") maturing June 30, 1979 of which all were outstanding at August 31, 1968.

Security

The Senior Debentures are secured by way of a first floating charge and the Series A and Series B Subordinated Debentures are secured by way of a second floating charge (subject to the security constituted by the Deed of Trust securing the Senior Debentures) on the undertaking of the Company and all its property and assets for the time being both present and future, provided that such floating charges shall in no way hinder or prevent the Company until the security thereby constituted shall have become enforceable and the trustees shall have determined or become bound to enforce the same from pledging, selling, alienating, assigning, charging, disposing of or dealing with the subject matters of such floating charges in the ordinary course of its business and for the purpose of carrying on the same; and provided further that such floating

charges shall in no way hinder or prevent the Company from pledging, assigning or giving security or securities (whether by way of floating charge or otherwise) on the subject matters of such floating charges to any bank or banks under the Bank Act of Canada or otherwise for present or future debts or liabilities of the Company to such bank or banks or from mortgaging, pledging, assigning or giving security or securities by way of specific charge or mortgage or other lien, charge or encumbrance to the extent permitted by the Special Covenants described below.

Redemption

Senior Debentures

The Senior Debentures may not be redeemed in connection with a refunding operation involving the application, directly or indirectly, of borrowed funds having an interest rate or cost to the Company of less than 7½% per annum. Subject to the foregoing restriction, the Senior Debentures are redeemable, for other than sinking fund purposes, at the option of the Company at any time in whole or from time to time in principal amounts of $100,000 or more on not less than 30 days' prior notice, at par with a premium commencing at 7½% of such principal amount in respect of Senior Debentures redeemed on or after June 1, 1968 and thereafter at premiums decreasing for redemption up to and including June 1, 1977 and thereafter without premium, together in each case with accrued interest to the date fixed for redemption.

Series A Subordinated Debentures

The Series A Subordinated Debentures may not be redeemed in connection with a refunding operation involving the application, directly or indirectly, of borrowed funds having an interest rate or cost to the Company of less than 7% per annum. Subject to the foregoing restriction, the Series A Subordinated Debentures are redeemable on or after July 1, 1969 at the option of the Company in whole or in part from time to time on not less than 30 days' prior notice at the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Series B Subordinated Debentures

The Series B Subordinated Debentures are redeemable at the option of the Company, at any time after but not before the Series A Subordinated Debentures have been wholly redeemed, in whole at any time or in part from time to time on not less than 30 days' prior notice at the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Special Covenants

The Trust Deeds, as supplemented, contain provisions to the effect that so long as any Senior Debentures and any Series A Subordinated Debentures are outstanding, unless otherwise authorized in writing signed by the holders of 75% of the principal amount of the Senior Debentures, and by the holders of 75% of the principal amount of the Series A Subordinated Debentures:

Indebtedness

Neither the Company nor any subsidiary will create, assume, or incur any debt or liabilities by issuance, assumption, guaranty, becoming surety or otherwise than for:

(1) Indebtedness incurred as a result of borrowing from one or more banks or trust companies.

(2) Indebtedness of the Company or its subsidiaries incurred for the purpose of (a) financing the construction, furnishing or equipping of Inns owned by the Company or its subsidiaries, (b) financing the acquisition of furnishings, equipment and leasehold improvements of Inns operated by the Company or its subsidiaries as lessees, or (c) refunding any such indebtedness.

(3) Current liabilities incurred in the ordinary course of business and not as a result of borrowing.

Restrictions on Dividends and Redemption

The Company will not (a) declare any dividends on any of its shares; (b) redeem or retire or give notice of redemption or retirement of any of its shares; (c) make any other distribution to the holders of its shares unless after giving effect to such action such payment will not be in excess of the consolidated net earnings of the Company and its subsidiaries for the period from (a) March 31, 1966 with reference to the Senior Debentures, and (b) May 31, 1964 with reference to the Series A Subordinated Debentures, to the date of such payment.

Maintenance of Tangible Junior Capital

The Company will not permit tangible junior capital (as defined) to become less than $1,750,000.

Subsidiaries To Be Wholly Owned

All subsidiary companies shall at any time be wholly owned subsidiary companies. Neither the Company nor any subsidiary will sell, assign, transfer, dispose of, or in any way part with the control of, any shares of any subsidiary company except to the Company or a wholly owned subsidiary.

Holiday Inn Franchises

The Company will do all things necessary to preserve their franchise agreements with Holiday Inns of America, Inc. and if notice of cancellation of any franchise is given by Holiday Inns of America, Inc., the Company will within 10 days remedy any defect and cause such notice to be withdrawn.

Sinking Fund

The Company is required to call for redemption the Senior Debentures, the Series A and Series B Subordinated Debentures in the amounts set forth below at the principal amount thereof plus accrued interest to the date specified for redemption.

SCHEDULE OF DEBT SINKING FUND AND PRINCIPAL PAYMENTS

(Commencing August 31, 1968)

	Year	First Mortgages	Second Mortgages	Loans and Chattel Mortgages	Senior Debentures	Subordinated Debentures Series A	Subordinated Debentures Series B	TOTAL
For the period September 1, to October 31	1968	$ 40,144	$ 3,999	$ 34,966	—	—	—	$ 79,109
Year ending October 31	1969	1,256,629	25,630	220,750	$ 50,000	—	—	1,553,009
	1970	2,055,687	223,629	399,036	50,000	$ 200,000	—	2,928,352
	1971	2,015,278	29,205	387,755	75,000	200,000	—	2,707,238
	1972	1,101,162	1,113,539	270,063	75,000	200,000	—	2,759,764
	1973	1,045,715	7,389	585,114	100,000	200,000	—	1,938,218
	1974	142,456	—	—	100,000	200,000	—	442,456
	1975	153,700	—	—	100,000	—	$ 40,000	293,700
	1976	165,832	—	—	100,000	—	40,000	305,832
	1977	1,552,488	—	—	100,000	—	40,000	1,692,488
	1978	83,600	—	—	100,000	—	40,000	223,600
	1979	89,988	—	—	150,000	—	40,000	279,988
	1980	96,863	—	—	—	—	—	96,863
	1981	104,264	—	—	—	—	—	104,264
	1982	112,231	—	—	—	—	—	112,231
	1983	120,806	—	—	—	—	—	120,806
	1984	130,036	—	—	—	—	—	130,036
	1985	139,972	—	—	—	—	—	139,972
	1986	150,666	—	—	—	—	—	150,666
	1987	148,199	—	—	—	—	—	148,199
		$10,705,716	$1,403,391	$1,897,684	$1,000,000	$1,000,000	$ 200,000	$16,206,791

CONVERTIBLE PREFERENCE SHARES

There are authorized, issued and outstanding as fully paid and non-assessable 4,250 6½% Cumulative Redeemable Convertible Sinking Fund Preference Shares ("Convertible Preference Shares") of $200 par value.

Dividends

The holders of the Convertible Preference Shares are entitled to receive as and when declared by the Board of Directors fixed cumulative preferential cash dividends at the annual rate of 6½% being $13.00 per share payable quarterly. These dividends rank prior to payment of dividends on the Common Shares and any other shares ranking junior to the Convertible Preference Shares.

Convertibility

Each Convertible Preference Share is convertible at any time at the option of the holder into 100 fully paid and non-assessable Common Shares.

In the event of any change by subdivision or by consolidation in any manner or by distribution of shares, in the number of Common Shares then outstanding into a different number of shares, or if the Company at any time issues or sells any Common Shares at a price less than $2.00 per share, the conversion right shall be adjusted so as to protect the right of the holders of the Convertible Preference Shares against dilution.

Rights on Liquidation

In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Convertible Preference Shares shall be entitled to receive the amount paid up on such shares together with an amount equal to all accrued and unpaid preferential dividends thereon, and if such liquidation, dissolution or winding up, or distribution be voluntary an additional amount equal to the amount of the premium which would be payable if such shares were being redeemed on such date, before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Convertible Preference Shares.

Redemption and Purchase

The Company may redeem on or after May 15, 1976 the whole or, from time to time any part, of the then outstanding Convertible Preference Shares on 30 days' notice on payment for each share to be redeemed of: $214 on or after May 15, 1976 and before May 15, 1983, and thereafter $207, provided the tangible junior capital (as defined) of the Company and its subsidiaries immediately after any such redemption is not less than $1,750,000, or the Company may redeem prior to May 15, 1976 the whole, or from time to time any part, of the then outstanding Convertible Preference Shares on 30 days' notice on payment of $214 for each share redeemed provided the book value (as defined) of the Common Shares into which the Convertible Preference Shares are convertible is not less than 250% of the par value of the Convertible Preference Shares so to be converted and plus in every case all accrued and unpaid dividends to the date of redemption.

The Company may at any time purchase (if obtainable) for cancellation the whole or any part of the Convertible Preference Shares outstanding in the market or by private contract at the lowest prices at which in the opinion of the Board of Directors such shares are obtainable but not exceeding the then current redemption price as set out above, plus costs of purchase and all unpaid preferential dividends which shall have accrued thereon.

Sinking Fund

On or before May 15 in each year commencing in 1971, the Company shall set aside in a sinking fund an amount equal to 5% of the aggregate par value of the Convertible Preference Shares issued to be used for their redemption or purchase.

Restriction on Dividends

The Company shall not declare or pay any dividends on its Common Shares (1) in excess of 25% of the consolidated accumulated retained earnings (as defined) of the Company and its subsidiaries earned subsequently to the earlier of (a) April 30, 1966 or (b) the first date as of which the tangible junior capital (as defined) of the Company and its subsidiaries is not less than $1,750,000 and (2) if as a result of such action the tangible junior capital (as defined) of the Company and its subsidiaries would be less than $1,750,000. Reference is made to note 7, to the financial statements on page 21.

Voting Rights

The holders of the Convertible Preference Shares shall not as such be entitled to receive notice of, or to attend, or to vote at any meeting of the Shareholders of the Company but when the Convertible Preference Shares are in arrears for eight quarterly dividend payments, they shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one vote in respect of each Convertible Preference Share held and shall have the exclusive right, voting separately and as a class, to elect one more than one-half of the members of the board of directors until payment of all accumulated and unpaid dividends on the Convertible Preference Shares. In any case, they are entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

Restrictions on Alterations of Share Capital

The Company shall not delete or vary any preference attached to the Convertible Preference Shares or create preference shares ranking as to capital or dividends in priority to or on a parity with the Convertible Preference Shares without the approval of the holders of the Convertible Preference Shares as specified.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario), and the regulations thereunder.

Dated November 28, 1968.

(Signed) D. Rubinoff
Chief Executive Officer
Director

(Signed) A. R. Pettigrew
Chief Financial Officer

On behalf of the Board of Directors

(Signed) F. W. P. Jones
Director

(Signed) Albert E. Shepherd
Director

DIRECTORS

(Signed) L. M. Clymer
per D. Rubinoff, his attorney

(Signed) Frank W. Adams
per D. Rubinoff, his attorney

(Signed) David Weldon

(Signed) R. W. Yantis
per D. Rubinoff, his attorney

(Signed) E. B. Fletcher

CERTIFICATE OF THE UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario), and the regulations thereunder.

MIDLAND-OSLER SECURITIES LIMITED

(Signed) W. R. Franks

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% of the capital of Midland-Osler Securities Limited: E. M. Kennedy, David B. Weldon, R. G. McCulloch, J. T. Skelly, E. H. Gunn, W. A. Stewart, C. W. McBride, T. W. Meredith and W. A. Dakin.

Printed in Canada

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors Commonwealth Holiday Inns of Canada Limited hereby applies for listing of the above mentioned common shares on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

CORPORATE SEAL

Per: "D. RUBINOFF", President

Per: "C. H. KING", Secretary

DISTRIBUTION OF COMMON STOCK AS OF JANUARY 10, 1969

Number				Shares
156	Holders of	1 — 24	share lots	2,080
815	" "	25 — 99	" "	32,685
338	" "	100 — 199	" "	35,590
110	" "	200 — 299	" "	23,060
40	" "	300 — 399	" "	12,115
17	" "	400 — 499	" "	7,050
51	" "	500 — 999	" "	29,240
72	" "	1000 — up	" "	2,258,243
1,599	Shareholders		Total shares	2,400,063

TORONTO STOCK EXCHANGE
TORONTO

BULLETIN NO. 7066 — February 5, 1969.

NEW LISTING

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

Application has been granted to list 6,350,000 common shares without par value, of which 3,949,937 shares are subject to issuance. The common shares will be posted for trading at the opening on Friday, February 7th. Stock Symbol "CHY"; Post Section 9.5; Dial Quotation No. 1497.

Listing Statement No. 2341 is being prepared and will be available soon. The following is some of the information that will be in the Statement:

Incorporated - Commonwealth Holiday Inns of Canada Limited is a continuation of Allied Innkeepers Limited ("Allied 1964", a company incorporated under the laws of Ontario by Letters Patent dated March 30, 1964) and the twenty wholly owned subsidiaries of Allied 1964. Supplementary Letters Patent dated May 21, 1968 increased the authorized capital and converted it into a public company. Supplementary Letters Patent dated September 20, 1968, changed the name to its present form and the authorized capital was increased.

Head Office - 292 King Street, London, Ontario.

Transfer Agent - The Royal Trust Company, Toronto.

Registrar - Canada Permanent Trust Company, Toronto.

Nature of Business - The Company is engaged in the business of constructing and operating motor hotels known as Inns and forming part of the Holiday Inn System pursuant to franchises granted to it by Holiday Inns of America, Inc. In addition, the Company manages or has agreed to manage Inns owned by others. The Company also sells furniture and equipment to institutions, apartments and hotels. Gross revenue is principally derived from rooms, food and beverages with room revenue producing about one-half of gross revenue.

Officers -

*President	- David Rubinoff, London, Ont.
*Executive Vice-President & General Manager	- E. B. Fletcher, London, Ont.
*Senior Vice-President	- A. E. Shepherd, Q.C., London, Ont. Barrister & Solicitor
Vice-President, (Senior Administrator of Operations)	- E. C. Campbell, London, Ont.
Vice-President (Finance and Treasurer)	- A. R. Pettigrew, London, Ont.
Vice-President (Director of Inn Operations)	- R. A. Rubinoff, London, Ont.
Secretary	- C. H. King, London, Ont.
Assistant Secretary	- J. M. Stevens, London, Ont.

Directors - David Rubinoff, E. B. Fletcher, A. E. Shepherd and the following:

F. W. Adams, Memphis, Tenn., U. S. A.
L. M. Clymer, Memphis, Tenn., U. S. A.
*F. W. P. Jones, London, Ont.
*D. B. Weldon, London, Ont.
R. W. Yantis, London, Ont.
*Members of the Executive Committee

Capitalization - as at December 16, 1968.

Share Capital	Authorized	Issued and Outstanding	To Be Listed
6-1/2% Cumulative Redeemable Convertible Sinking Fund Preference shares of a par value of $200.000 each ..	4,250	4,250	Nil
Common Shares without par value	7,000,000	2,400,063	6,350,000

	Authorized
Funded Debt	
7-1/2% Senior debentures maturing December 1, 1979	$1,000,000
7% Series "A" subordinated debentures maturing June 30, 1974	1,000,000
6% Series "B" subordinated debentures maturing June 30, 1979	200,000

Offering by Prospectus - Under a Prospectus dated November 28, 1968, a public offering was made covering 350,000 common shares at $11.50 per share to net the Company after issue approximately $3,733,500, by firm underwriting of Midland-Osler Securities Limited and 100,000 common shares at $11.50 per share being purchased from a shareholder also by Midland-Osler.

Purpose of Issue - The net proceeds to the Company from the sale of the 350,000 common shares amounting to approximately $3,733,500 (after deducting issue expenses estimated at $50,000) applied to retire the unsecured bank loan of $3,231,562 and the balance to be added to working capital. The Company will not receive any of the proceeds from the sale of the 100,000 common shares owned by the selling shareholder and offered by the Prospectus.

Earnings -

Year Ending October 31st

1963	-	$ (16,939) loss
1964	-	(56,157) loss
1965	-	50,731
1966	-	112,243
1967	-	468,324
1967	-	164,097 (9 months to July 31st)
1968	-	227,754 (9 months to July 31st)

BY ORDER OF THE BOARD OF GOVERNORS

J. R. KIMBER,
President